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C O N F I D E N T I A L SECTION 01 OF 03 GUATEMALA 000243

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TAGS: [PGOV](#) [PREL](#) [SNAR](#) [PHUM](#) [ETRD](#) [PINR](#) [MOPS](#) [GT](#)

SUBJECT: AMBASSADOR AND RIOS MONTT DISCUSS DECERTIFICATION, CAFTA, HUMAN RIGHTS AND LEGISLATIVE ISSUES

Classified By: PolCouns David Lindwall for reason 1.5 (d).

1. (C) Summary: In a January 27 meeting with the Ambassador, President of Congress Rios Montt professed to be a strong supporter of CAFTA (which he views as reducing the political influence of the traditional economic elites), and expressed understanding for Guatemala's impending counternarcotics decertification. He regretted that the decertification decision would come during the election year, but said it was "correct." Rios Montt volunteered nothing on his plans for the upcoming election, but did say it would not be easy for the USG to remain neutral. He offered to help us on a variety of bilateral issues. Although the meeting was frank, it was cordial enough, and it was clear that Rios Montt wants to be viewed by us as a pragmatic ally on those issues where our interests coincide. End summary.

2. (SBU) The Ambassador, PAO and PolCouns met with President of Congress Efraim Rios Montt at Congress on January 27. The retired General and former defacto President was accompanied by three of his most trusted parliamentary advisors: First Vice President of Congress Carlos Hernandez, Third Vice President of Congress Jorge Arevalo and Frente Republicano Guatemalteco (FRG) caucus head Aristides Crespo. Not present was Second Vice President of Congress Zury Rios Sosa, his daughter. Rios Montt took the Ambassador's "isn't-there-a-Vice-President-missing?" tweaking in good grace.

Counternarcotics Cooperation and CAFTA

3. (C) As he has with other official and unofficial interlocutors, the Ambassador said that the White House would soon announce a decision regarding the certification of countries that cooperate in the war against drugs, and that, in all likelihood, Guatemala would be decertified. He noted that a recent upsurge in cooperation by the GOG and increased cocaine seizures would augur well for Guatemala getting a vital national interests waiver. The Ambassador noted, however, that it is critical that GOG cooperation against narcotics improve quickly, as prolonged decertification would make it more difficult for the U.S. Congress to consider entering into a free trade agreement with Guatemala at the time negotiations are concluded. The Ambassador argued that a free trade agreement (CAFTA) offers the best hope for reducing poverty in Guatemala, and that it is in both countries' interests to ensure that negotiations proceed smoothly, addressing promptly non-trade related issues that could fuel opposition to an agreement.

4. (C) Rios Montt regretted that decertification should come at the beginning of the election campaign, and said Guatemalans would inevitably link the two. He added that the United States "would do what it had to do," but said that we were "correct" in decertifying. He did not defend the Portillo Administration's record on counternarcotics cooperation, nor argue (as other senior GOG officials do) that flagging counternarcotics cooperation was a result of resource constraints.

5. (C) On CAFTA, Rios Montt said that he is one of its greatest proponents. He agreed that it was the region's best hope for poverty reduction, and added that it would break the power of the monopolies that have long dominated Guatemala's economy as well as its politics. Rios argued that free trade would also be hard to sell to some in Guatemala's Congress, noting that legislators who have ties to "mercantilist business sectors" are intent on opposing it.

6. (C) The Ambassador noted that critics of globalization and others in the U.S. will question why we are entering into a special trade relationship with Guatemala when threats against human rights workers are growing and the murders of 11 Amcits (now 12) since 1999 have gone unsolved. He urged the ruling party legislators to use their influence with the government to ensure that attention is brought to these issues.

The Upcoming Elections

7. (C) The Ambassador told Rios Montt that the United States will be scrupulously neutral in the November 2003 national elections. He noted that the sole USG interest in the elections is that they be "free, fair and constitutional,"

and noted that we are working with the Supreme Electoral Tribunal (TSE) and civil society organizations to contribute to the transparency of the process. The Ambassador asked Rios Montt if criticisms of the way the TSE members were elected could contribute to a constitutional challenge at some point (Note: OAS reps have told us they have doubts that the mechanism used to replace a full tribunal member who resigned with an alternate was legal. end note). Rios Montt responded that the mechanism used was that established in the Tribunal's statutes, but said that constitutional lawyers could make arguments for and against (Note: None of the political parties has objected to the way the TSE member who resigned was replaced, and the OAS' concern does not, at least at this stage, appear to be shared by any of the parties. end note).

18. (C) Rios Montt said that he doubted that it would be easy for the United States to remain truly neutral in the upcoming electoral campaign. He made no allusions to his own possible candidacy, but at one point in the conversation said that if the FRG were the largest "opposition party" in Congress in the next session, we could count on their support.

19. (SBU) Rios Montt said that the FRG continued to pursue reform of the electoral law, but had given up pressing for implementation of reforms this year. He believes the bill will eventually be adopted, but not put into place until after the 2003 elections.

The Clandestine Groups

10. (SBU) The Ambassador drew attention to the recent announcement of the Human Rights Ombudsman in regard to the creation of an international commission to investigate the operations of clandestine groups. The Ambassador praised the legislators for passing a resolution supporting this initiative and urged the FRG leaders to give this proposal their full support. Congressman Arevalo responded that indeed Congress had passed the resolution with the vote of all the FRG members.

The 2003 Legislative Agenda

11. (U) In response to a question from the Ambassador, Rios Montt said that the priorities for the 2003 legislative agenda would include laws designed to implement Peace Accord commitments. He noted that financial transparency laws would top the agenda, with the Law of Public Contracts and a Freedom of Information Law already under discussion. He said that Congress was also working on a law to compensate those affected by the war (note: the term he used did not distinguish between victims and former civil patrol members). This legislative session will be substantially reduced by the election campaign, which will soon begin distracting the attention of legislators.

New Horizons

12. (C) The Ambassador thanked Rios Montt for the quick action by Congress in 2001 to approve the New Horizons joint military exercise in the Peten. He noted that we are planning a similar exercise in Jutiapa in 2004, and were already working on an agreement with the GOG to authorize this exercise. He asked the legislators if we could count on their continued support for this exercise. Rios Montt responded that he is a strong believer in civic action exercises and would ensure continued support in Congress as long as he was President of Congress. He noted that, by 2004, the composition of Congress was less certain.

IPR Legislation

13. (U) The Ambassador expressed concern about legislation recently passed by Congress which represents a big step backward for IPR protection and violates Guatemala's international commitments on the matter. He asked the legislative leaders to take quick action to bring Guatemala back into compliance with its international IPR commitments, particularly in view of ongoing CAFTA negotiations where Guatemala's IPR regime would become a matter of discord.

14. (SBU) Rios Montt opened by saying that the new law was not inconsistent with the direction international drug patent protection was heading, and alluded to official USG statements supporting generic drugs. He recognized, however, that arguments could be made against its conformity with Guatemala's international IPR commitments, and said Congress was prepared to repeal the law as soon as it is published and the Executive sends a bill calling for its repeal. He implied that the law, which was promoted by opposition congressmen, would not be in effect for long before it was repealed.

Fuel Taxes

15. (SBU) The Ambassador commented that the Guatemalan tax

authority (SAAT) was using the lack of explicit language exempting diplomatic missions from paying the new fuel tax to charge this tax to embassies in violation of the Vienna Convention. Noting that Congress was rewriting that law, he asked that they give consideration to including specific language which would honor Guatemala's commitment under the Vienna Convention and specifically exempt diplomatic missions from these taxes. Rios Montt said that he had been a Military Attache in Madrid for several years and understands the importance of fully implementing the Vienna Convention. He promised to ensure that new tax laws include assurances that protect diplomatic missions against paying the taxes.

Tyco and 911

16. (U) The Ambassador told the legislators that a U.S. company (Tyco) had made a significant investment in designing the architecture of a 911 system for Guatemala at the request of the GOG, and they needed to know if the GOG was interested in purchasing their product (the actual phone and support equipment). Tyco does not want to invest further if the GOG is not interested, but they do not want to walk away now if the GOG is going to buy the system. Tyco told us that the funding decision was being held up by Congress.

17. (U) Rios Montt said that GUATEL (the national phone company) has the funding in hand should it decide to purchase the system, and said Congress will not have any role to play in this decision. He added that he thinks a 911 system is a good idea, but noted that in Guatemala there is no police and ambulance infrastructure to support it. He quipped that there would be no first responder to send if someone called 911 asking for help. He questioned whether it would not be a better idea for a U.S. company to bid on a concession to run not only a 911 phone line, but the complete package of first response.

Rios Montt's view of his country

18. (C) Rios Montt closed the meeting by welcoming the Ambassador to Guatemala and saying that Guatemala is a very complex and complicated country. He said that ethnic identity continues to divide the country in ways that will not be easily overcome. He added that Guatemalans have a deeply entrenched culture of confrontation which long preceded the arrival of the Spaniards, and said that compromise and consensus are not native. Rios Montt said that much of the current confrontation can be blamed on the traditional economic elite's often violent resistance to change, but said that CAFTA offered the opportunity to "democratize" the economy once and for all.

Comment

19. (C) The General was animated, in good form, and clearly wanted to come across as a pragmatist we can deal with in areas where our interests coincide. He did not try to address the historic concerns he knows that we have regarding his role during the internal conflict and appeared resigned to accepting that those impressions will never change. Rios Montt views CAFTA as the best tool for breaking the back of the traditional economic monopolies that have long played an important role in Guatemalan politics, and as such he is an ardent supporter. While tacitly acknowledging that there will be areas where our interests will not coincide (e.g. his electoral ambitions), it was clear that Rios Montt believes we share many interests in common, and he is prepared to work with us to advance those interests.

Hamilton